

MEMORANDUM

TO: Commissioners Hardy, Hadley, Landis, Server and Ziegner
FROM: Jerry L. Webb, Director of Gas/Water/Sewer Division
DATE: November 15, 2006
RE: Utility Articles for Next Conference

The following Final Articles E, G and Preliminary Articles A are submitted to each of you to acquaint you with the tariffs eligible for action or acceptance on or after November 21, 2006.

“E” Final

Revisions to the wholesale water cost tracking factor have been reviewed by staff members of the Commission and found to be in compliance with the orders of the Commission. The requirements prescribed for these filings in 170 IAC 6-5 have been met and approval is recommended.

<u>Item</u>	<u>Utility</u>	<u>\$/1000 Gal Change</u>	<u>\$/1000 Gal Resultant</u>
1	Fillmore Municipal Water Utility	0.90	0.90

"G" Final

Revisions to the Fuel Cost Adjustment factor have been reviewed by staff members of the Commission and found to be in compliance with the orders of the Commission. The requirements prescribed for these filings in Commission Order No. 35687 have been met and I recommend approval.

<u>Item</u>	<u>Utility</u>	<u>Change</u>	<u>Filing Number</u>
1.	Knightstown	Decrease	87-06-11
2.	Straughn	Decrease	111-06-11

Please indicate your consideration and action of all the preceding items on the appropriate lines provided below.

Jerry L. Webb
Director of Gas/Water/Sewer Division

I approve of all items as presented above:

I approve of all items as presented above except:

Not participating in the following items:

I, _____, Disapprove Items

No.

I, _____, Wish to Defer Items

No.

I hereby certify that the above is a true and correct copy of the action on the articles.

Brenda Howe, Executive Secretary

“A” Preliminary

The following new miscellaneous items have been reviewed by staff members of the Commission and we recommend accepting them for filing.

1. Duke Energy Indiana

The Utility is proposing to limit customer participation in Rider 6.3, Optional High Efficiency Residential Service, to existing customers.

Duke Energy Indiana’s Smart Saver (or, “Smart \$aver[®]”) program currently features incentives for high efficiency heating and cooling equipment and a lower heating rate for qualifying electric heat customers. Rider 6.3 is the associated rate tariff for the lower heating rate.

Customer, builder and heating dealer participation in Smart Saver has declined since July 1, 2006 as a result of the Federal government raising the minimum efficiency standard to 13 SEER. Duke Energy Indiana is planning to minimize future participation reductions by making it easier for customers to qualify and for dealers to participate. The goal is to modify the program such that similar results can be achieved by moving to less restrictive program requirements.

The proposed change is to limit the Smart Saver reduced tariff rate, Standard Contract Rider No. 6.3 to existing customers. All existing customers on this rate will be grandfathered, so that no existing customers will be affected by the change. Given current pricing, a reduced rate is no longer needed to provide an incentive to customers for heat pump installations; rather the other incentives provided by the Smart Saver program should be sufficient to maintain customer participation.

This change decreases the cost of administering the Smart Saver program by eliminating the back-office work associated with administering the rate. These decreases will either enable Duke Energy Indiana to offer the program to more customers or will flow through to customers via Standard Contract Rider No. 66, Demand Side Management Adjustment.

The tariff sheet affected by this filing is:

Standard Contract Rider No. 6.3, Optional High Efficiency Residential Service, pages 1 and 2

2. Northern Indiana Public Service Company (Electric)

The Commission rulemaking RM #05-02 became effective on April 5, 2006. The rulemaking consisted of two elements: Approval of Adoption of Rule Concerning Customer-Generator Interconnection Standards (170 IAC 4-4.3); and Approval of Amendment of Rule Concerning Cogeneration and Alternate Energy Production Facilities and Net Metering (170 IAC 4-4.1 and 170 IAC 4-4.2). Section 11 of the new rule directed all investor-owned utilities to submit, within sixty days of the effective date of the rule, generic interconnection application and interconnection agreement forms for each of the three levels of review in the rule. These forms will simplify and make more efficient the interconnection process, thereby encouraging cost-effective, safe and reliable customer-generation.

The Commission approved the forms for the Utility in the Utility Articles of July 12, 2006. The Utility now submits two revised tariff sheets to incorporate new references to 170 IAC 4-4.3.

The tariff sheets affected by this filing are:

Added Rule 51 Interconnection Standards

Appendix A to Rule 51 – Application for Interconnection Level 1

Appendix B to Rule 51 – Application for Interconnection Level 2 or Level 3

Appendix C to Rule 51 – Interconnection Agreement – Level 1

Appendix D to Rule 51 - Interconnection Agreement Level 2 or Level 3

Appendix E to Rule 51 – Interconnection Agreement

Jerry L. Webb
Director of Gas/Water/Sewer Division